Quicken Loans
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VIA ELECTRONIC FILING

June 6, 2016

Federal Communications Commission
Commission's Secretary
445 12th St., SW
Room TW-A325
Washington, DC 20554

Re: ***In the Matter of Rules and Regulations Implementing the Telephone Consumer Protection Act of 1991*, CG Docket No. 02-278**

To Whom It May Concern:

Quicken Loans Inc. ("Quicken Loans") is pleased to submit comments on the Federal Communications Commission's ("FCC" or "Commission") *Notice of Proposed Rulemaking* on the Telephone Consumer Protection Act of 1991 ("TCPA")[1] Bipartisan Budget Act of 2015 amendment.

I. Background

We thank the Commission for the opportunity to comment on the proposed amendments to the TCPA regulations. The TCPA prohibits autodialed non-emergency calls to cellular telephone numbers without the prior express consent of the called party, and the Budget Act amendment includes an exemption to the TCPA for anyone trying to make autodialed, artificial-voice, or prerecorded-voice calls to both wireless and landline phones, if the calls are "made solely to collect a debt owed to or guaranteed by the United States."[2]

II. Quicken Loans and Mortgage Lending

Detroit-based Quicken Loans is the nation's second largest retail home mortgage lender and the largest and consistently highest-quality Federal Housing Administration ("FHA") mortgage lender. The company closed more than $220 billion of mortgage volume across all 50 states since 2013, and we have over 1.1 million mortgage servicing clients. Quicken Loans generates loan production from web centers located in Detroit, Cleveland and Scottsdale, Arizona. The company also operates a centralized loan processing facility in Detroit, as well as its San Diego-based One Reverse Mortgage unit. Quicken Loans ranked "Highest in Customer Satisfaction for Primary Mortgage Origination" in the United States by J.D. Power for the past six consecutive years, 2010 – 2015, and highest in customer satisfaction among all mortgage servicers in 2014 and 2015.

Quicken Loans was ranked No. 5 on FORTUNE magazine's annual "100 Best Companies to Work For" list in 2016, and has been among the top-30 companies for the last 13 years. It has been

[1] 47 U.S.C. § 227.
[2] Bipartisan Budget Act of 2015, Pub. L. No. 114-74, 129 Stat. 584 (Budget Act).

recognized as one of Computerworld magazine's '100 Best Places to Work in IT' the past 11 years, ranking No. 1 in 2015, 2014, 2013, 2007, 2006 and 2005. The company moved its headquarters to downtown Detroit in 2010, and now more than 10,000 of its 15,000 team members work in the city's urban core.

Every Client. Every Time.

As an internet-based company, Quicken Loans does not follow the traditional "brick and mortar" model. We've proudly built an internet mortgage lending process that is dedicated to the best client experience possible. Our clients' happiness is our #1 priority. Our successful, centralized business model relies heavily on our ability to transact business by telephone.

When the TCPA was enacted, wireless telephones were a luxury item and charges for receiving calls on a wireless telephone were prohibitively expensive. As the Commission has acknowledged, "wireless use has expanded tremendously since the passage of the TCPA in 1991."[3] Today, 90 percent of Americans own wireless telephones and almost half or 48.3 percent of households are entirely or predominantly "wireless-only."[4] This effect is even more pronounced among our client population; 41.2% of our largest client base, those between the ages of 45-64, live with only wireless telephones.[5] In fact, even those who have and use a landline are likely to give their cell phone number for contact because they are often away from their home during the day and won't be home to answer their landline phone. Not only do more people have cell phones but the way in which you pay for cell phone usage has evolved. Similar to landlines, today, most cell phone users pay a monthly fee to their service provider rather than paying for each call received.

Given the risks associated with the TCPA, even if we receive a cell phone number directly from the client with the intention that we will call that client, Quicken Loans still obtains the required consent from our clients before placing calls or sending text messages to wireless telephone numbers using an automatic telephone dialing system ("ATDS") or an artificial or prerecorded voice, as specified by the TCPA and the FCC's rules.[6]

Servicing a Client through the Entire Life of the Loan

As noted, Quicken Loans services over 1.1 million mortgage loans. Servicing means that we maintain the client relationship after the loan closes and perform functions such as payment processing, paying the homeowner's insurance and taxes, etc. Potentially, this relationship can last for 30 years. By servicing the loan, we maintain our exceptional client service record because we care about helping our clients. This is even more important for those clients that fall behind on their

[3] Rules and Regulations Implementing the Telephone Consumer Protection Act of 1991, 27 FCC Rcd 1830, ¶ 29 (2012) ("2012 TCPA Order").
[4] Stephen J. Blumberg & Julian V. Luke, Div. of Health Interview Statistics, Nat'l Ctr. for Health Statistics, Centers for Disease Control and Prevention, Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July–December 2015 (May 2016) ("CDC Wireless Substitution Estimates"), available at http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless_201605.pdf
[5] Blumberg & Luke, Wireless Substitution: Early Release of Estimates From the National Health Interview Survey
[6] 27 FCCR 1890; para 9 and 28

monthly mortgage payments. When this occurs, more communication is better to help consumers find solutions that allow them to stay in their homes. Because of this, servicers are required to make what is known as "right-party[7] contact" with delinquent clients. While some of our government insurers allow other methods of contact such as email and letters, in many cases, calling the client's cell phone is not only practical but it is the most effective option.

In an internal review, we looked at the impact of calling our delinquent clients and their likelihood of making payments, or "catching up on their loan", to become current. We found that there is a strong positive correlation between calling our clients when the client is about to move into another stage[8] of delinquency and them making a payment. Every call mattered. By making up to five calls in the two weeks prior to a client becoming 60 days delinquent, we saw approximately 50% more clients become current on their loan when compared to those who weren't called. This translates directly into options to help clients remain in their home and avoid unnecessary foreclosures.

We have learned from the financial crisis that early client engagement is essential to effective loss mitigation and mortgage servicing processes. Because of this, federal and state rules, including the government-sponsored enterprises ("GSEs") and investors, mandate a certain volume of calls and good faith efforts to work with delinquent clients. For instance, we need to call Fannie Mae, Freddie Mac, and U.S. Department of Veterans Affairs ("VA") delinquent clients at least once every five days, and for FHA, we are required to call delinquent clients every three days. Given the volume of required calls, it would be costly and impractical using a manual dial calling method, and impossible given the number of cell phone only (or mostly) households. If it becomes too expensive or risky for servicers to contact these clients, they are likely to rely on less effective or more infrequent contact methods, offshore their call-centers, or something else.

To help demonstrate the current regulatory contact requirements placed on a mortgage servicer, we added the following chart to provide an overview of requirements by federal and state regulators.

[7] Quality Right Party Contact (QRPC) is a servicing concept that requires contact attempts and specifies communication goals for the servicer once it has reached the client. See, e.g., https://www.fanniemae.com/content/guide/svc121615.pdf#page=442

[8] In the servicing industry, "stages" of delinquency describe the number of missed payments. They are often discussed in terms of 30-day units (30, 60, 90, etc).

Agency	Required Contact
Consumer Financial Protection Bureau ("CFPB") Mortgage Servicing Rules	Telephone or in-person contact by 36th day of delinquency.[9]
Federal Housing Administration	Telephone contact within 20th day of delinquency; at least two times per week until contact established or determine property is vacant or abandoned.[10]
Fannie Mae/Freddie Mac	Telephone contact by the 36th day of delinquency; every 5 days until contact made, delinquency resolved or certain other events occur.[11]
Treasury – Home Affordable Modification Program ("HAMP")	Minimum of four telephone calls to the last known phone numbers of record, at different times of the day, within 30 day period.[12]
VA Mortgage Servicing Rules	Telephone contact no later than the 20th day of delinquency.[13]
California, Nevada, and Washington only	After the pre-foreclosure notice is sent, attempt to contact the client by telephone at least 3 times at different hours and on different days.[14]

III. Comments

As the use of mobile and online technologies have become the most pervasive mechanism of communication between financial institutions and our clients, the FCC must ensure that its regulations do not have the unintended consequence of reducing consumers' access to vital information about their mortgages. For example, we were recently thanked by a client when we called to inform her the payment was delinquent. Because of the phone conversation, we learned the payment was supposed to come from her ex-husband and were able to remedy the problem.

Our goal is to provide all homeowners but especially at-risk homeowners with important information that could keep them in their home. As such, we are aligned in the mutual goal of extending the underlying objective of the TCPA which is consumer protection.

Servicers are also subject to other unintended consequences of the rule. For example, even if a mortgage servicer has prior express consent, the servicer is still at risk of alleged violations of the

[9] 12 C.F.R. § 1024.39(a).
[10] FHA Single Family Housing Policy Handbook, 4000.1(III)(A)(2)(h).
[11] Fannie Mae Servicing Guide, D2-2-02 (12/16/2015); Freddie Mac Servicing Guide, 9101.2 (3/2/2016).
[12] HAMP Handbook, 2.2.1 (01/06/16).
[13] 38 C.F.R. § 36.4278(g).
[14] N.R.S. 107.510; West's Ann.Cal.Civ.Code § 2923.5; West's RCWA 61.24.031.

TCPA by reassignment of the telephone number without any knowledge by the servicer and alleged revocation of prior express consent.

It is also common to purchase servicing rights of loans,[15] which may not come with clearly documented consent. For example, while the Commission's Orders have established an "implied express consent" doctrine for "debt collection," this doctrine is limited to phone numbers that the client provides to the originator during the transaction that resulted in the debt.[16] Many times it's difficult to tell from the loan file whether a particular phone number meets these requirements. When clients are delinquent we need to call and often with a fast turn-around time. Without an exemption, results could be the following:

- We would be required to manually dial all clients, which would be costly and impossible. It's not uncommon to make over 70,000 loss mitigation and payment reminder calls per month.
- We would need to hire more team members to make manual calls, which would drive up administrative costs and the price of all clients' loans.
- The client experience could diminish significantly, and it's possible we are unable to reach all these clients effectively if we had to manually dial all numbers. Also, we may not be able to buy or keep servicing loans, leaving them to less scrupulous or quality-focused servicers.

While we appreciate the significance of not paying a debt owed to the federal government, it is our opinion, that a consumer should not have the ability to avoid repayment just because the holder of the debt is not the federal government. Accordingly, we ask the FCC to use its authority to level the playing field for all mortgage servicing communications, regardless of whether the loan is owed to or guaranteed by the federal government. At the very least, the FCC must ensure consumers are protected by explicitly including all loans owned by FHA, VA and the GSEs in the definition of "owed to or guaranteed by the United States". This would allow mortgage servicers to follow client outreach methods required for loans today. These requirements were developed by agencies with years of experience regulating this industry.

IV. Conclusion

We thank FCC for the opportunity to comment on the proposed rule on TCPA exemption. Should you have any further questions, please contact me at garyweingarden@quickenloans.com or 313-373-4554.

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[15] See footnote 8.

[16] The FCC has argued that numbers provided during collection of the debt don't count. See http://www.ballardspahr.com/alertspublications/legalalerts/2014-07-15-fcc-clarifies-tcpa-consent-standard-for-collection-calls-to-cell-phones.aspx